

AMENDED IN SENATE MARCH 20, 2001

Senate Joint Resolution

No. 7

Introduced by Senator Alpert
(Coauthor: Senator Morrow)

March 1, 2001

Senate Joint Resolution No. 7—Relative to wholesale electric prices.

LEGISLATIVE COUNSEL'S DIGEST

SJR 7, as amended, Alpert. Federal Energy Regulatory Commission: wholesale electric prices.

This measure would memorialize the President of the United States and the Congress to support legislation introduced in the Congress requiring the Federal Energy Regulatory Commission to: (1) order a refund of the portion of any rate or charge that exceeds the rate or charge that the commission finds to be just, reasonable, and not unduly discriminating or preferential; and (2) issue an order to establish the maximum price for electricity sold at wholesale subject to the jurisdiction of the commission in the Western Systems Coordinating Council for any period after June 1, 2000, if the commission determines that any rate charged for the wholesale sales of that electricity is unjust, unreasonable, unduly discriminatory, or preferential.

Fiscal committee: no.

- 1 WHEREAS, As part of California's deregulation of the electric
- 2 utility industry, the new owners of the electric generating plants
- 3 that were sold by the state's investor-owned utilities are regulated
- 4 by the federal government; and
- 5 WHERE, The Federal Energy Regulatory Commission (FERC)
- 6 granted electric generators the ability to charge market-based rates

1 with the understanding that in a workably competitive market,
2 market-based rates will always produce “just and reasonable”
3 prices; and

4 WHEREAS, Commencing in May of 2000, and continuing to
5 the present, wholesale electric prices throughout much of the
6 western United States have climbed to unjustifiable levels; and

7 WHEREAS, High electric rates threaten not only California’s
8 consumers, its neighbors, and businesses, but the economy of the
9 entire nation; and

10 *WHEREAS, FERC has preliminarily found that a wholesale*
11 *electric seller in California withheld electric supply in order to*
12 *raise prices to California citizens and businesses; and*

13 WHEREAS, FERC has issued two orders that state that the rates
14 currently being paid generating plants for electricity are “unjust
15 and unreasonable,” and, nevertheless, the commission ~~refuses to~~
16 ~~order refunds to customers or~~ *has ordered only minimal refunds*
17 *and refused to examine thousands of wholesale transactions whose*
18 *prices exceed the level that FERC set as the threshold for*
19 *examination and has further refused to revoke the ability of*
20 *electric generators to charge market-based rates from electric*
21 ~~generators~~; and

22 WHEREAS, Accordingly, it is necessary to enact federal laws
23 to require FERC to order a refund of the portion of any rate or
24 charge that exceeds the rate or charge that the commission finds to
25 be just, reasonable, and not unduly discriminating or preferential;
26 and

27 WHEREAS, It is also appropriate for the federal government to
28 require FERC to issue an order to establish the maximum price for
29 electricity sold at wholesale subject to the jurisdiction of the
30 commission in the Western Systems Coordinating Council for any
31 period after June 1, 2000, if the commission determines that any
32 rate charged for the wholesale sales of electricity is unjust,
33 unreasonable, unduly discriminatory, or preferential; now,
34 therefore, be it

35 *Resolved by the Senate and Assembly of the State of California,*
36 *jointly, That the Legislature of the State of California*
37 *memorializes the President and the Congress of the United States*
38 *to support legislation introduced in Congress requiring FERC to*
39 *do both of the following: (1) order a refund of the portion of any*
40 *rate or charge that exceeds the rate or charge that the commission*

1 finds to be just, reasonable, and not unduly discriminating or
2 preferential; and (2) issue an order to establish the maximum
3 price, *which shall be based on the seller's costs, including a return*
4 *of and on invested capital*, for electricity sold at wholesale subject
5 to the jurisdiction of the commission in the Western Systems
6 Coordinating Council for any period after June 1, 2000, if the
7 commission determines that any rate charged for the wholesale
8 sales of that electricity is unjust, unreasonable, unduly
9 discriminatory, or preferential; and be it further
10 *Resolved*, That the Secretary of the Senate transmit copies of
11 this resolution to the President and Vice President of the United
12 States, the Speaker of the House of Representatives, and to each
13 Senator and Representative from California in the Congress of the
14 United States.

